

SEMCOG ... *Creating Success in Southeast Michigan*

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May 8, 2012

To: Members of the Michigan Senate

Dear Senator:

I am writing you today on behalf of SEMCOG, the Southeast Michigan Council of Governments, to urge your support of House Bills 4975 and 5271, the Appraisal Management Companies and Registration of Fees legislation. These bills would provide a necessary level of oversight and regulation of Appraisal Management Companies (AMCs) in the State of Michigan that is currently missing. It would increase the level of accountability in the appraisal process by improving the efficiency in which appraisers are assigned to local markets and the timeframe in which they are required to complete an appraisal.

SEMCOG recently convened a stakeholder workgroup to find solutions to the problem of destabilized real estate markets and neighborhoods. The group, comprised of municipalities, appraisers, realtors, developers, lending institutions, and other professional organizations, determined that inconsistent and inaccurately low real estate valuations were a significant cause of the problem. Local-level research shows that properties throughout the region are often being appraised at values that are well below:

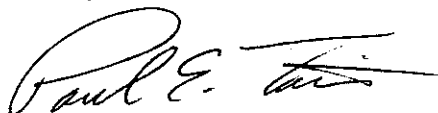
- an agreed-upon sales price,
- rehabilitation costs,
- insurance replacement value, and
- comparable property values (those located within a one mile radius and that have sold within the last 90 days).

This is of significant concern because residential property comprises 75 percent of the Southeast Michigan region's property tax base. It is the single most significant source of revenue for the provision of local government and school district services.

The currently flawed process in which our real estate is valued and appraised is exacerbating the longevity and severity of downward housing value trends in Southeast Michigan. From their peak in 2005, housing values in Southeast Michigan have declined 34 percent. The policies contained in House Bills 4975 and 5271 offer solutions in correcting the flaws within Michigan's residential appraisal process so that it is transparent, fair, efficient, and consistently implemented across our regions, communities and neighborhoods. Without these reforms, Michigan's economy, particularly its struggling housing market and shrinking municipal revenues, cannot improve.

We encourage you to support House Bills 4975 and 5271 as an important step toward restoring transparency and consistency to the residential appraisal process for the betterment of our regions, communities, and neighborhoods. If you have any questions about this letter, please contact Kevin Vettrano, Planning Analyst at SEMCOG at (313) 324-3357.

Sincerely,



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SEMCOG Executive Director

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